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**FISCAL IMPACT STATEMENT**

**LS 7097**

**BILL NUMBER:** HB 1246

**NOTE PREPARED:** Jan 9, 2010

**BILL AMENDED:**

**SUBJECT:** Wireless E911 Fees.

**FIRST AUTHOR:** Rep. Pierce

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill abolishes the Wireless Enhanced 911 Advisory Board (Board) as of July 1, 2010. It transfers responsibility for maintaining and improving a statewide enhanced 911 network from the Board to the Department of Homeland Security (DHS).

The bill provides that the amount of the wireless emergency enhanced 911 fee is \$0.50 per month for each telephone number assigned to a commercial mobile radio service (CMRS) subscriber whose place of primary use is in Indiana. It provides that fees collected by CMRS providers after June 30, 2010, shall be remitted to the Department of State Revenue (DOR), rather than the Board, for deposit in the Wireless Emergency Telephone System Fund. It also provides that after June 30, 2010, the part of the fees that are: (1) collected by the state and remaining after the required distributions to counties; and (2) deposited into an escrow account by the Treasurer of State; shall be used by the DHS to maintain and improve a statewide enhanced 911 network.

The bill requires a seller of prepaid wireless telecommunications service to collect at the point of sale an enhanced prepaid wireless charge of \$0.25 per retail transaction. It requires the seller to remit the charge to the DOR for deposit in the Wireless Emergency Telephone System Fund. The bill also specifies how the charges that are collected and deposited in the fund are to be distributed.

The bill repeals provisions: (1) establishing the Board; and (2) providing for the recovery of certain costs incurred by CMRS providers before July 1, 2005, to implement wireless E911. It repeals other provisions made obsolete by the elimination of the Board.

**Effective Date:** Upon passage; July 1, 2010.

**Explanation of State Expenditures:** *Transfer of Wireless Enhanced 911 Advisory Board's Duties to the Department of Homeland Security:* Certain administrative costs will be reduced by conferring all duties and powers of the Wireless Enhanced 911 Advisory Board on the DHS. The administrative costs that would be reduced include third-party audits of the Board's finances, and the per diem and traveling expense reimbursement. Other cost savings may result from other operating or management efficiencies gained with the transfer and are indeterminable.

*Department of State Revenue:* This bill provides that the wireless emergency enhanced 911 fee will be remitted to the DOR for deposit in the Wireless Emergency Telephone System Fund. Current statute provides that this fee is remitted to the Wireless Enhanced 911 Advisory Board. Sellers of prepaid telecommunications services must remit the charges obtained at the point of sale to the DOR. Also, the bill provides that the sellers will be subject to the same audit and appeal procedures concerning collection and remittance of charges as with collection and remittance of state Sales Tax. These provisions may increase expenditures for the DOR.

*Auditor of State:* This bill requires the Auditor of State to make the appropriate distributions to counties from the wireless emergency 911 fees. The fees are currently distributed by the Wireless Enhanced 911 Advisory Board. Also, the bill provides for distributions to the DHS for costs associated with maintaining and improving a statewide enhanced wireless 911 network.

**Background Information** - Under the bill, all the property, assets, funds, equipment, records, rights, contracts, obligations, and liabilities of the Wireless Enhanced 911 Advisory Board are transferred to the DHS, including all employees, if any.

The Wireless Enhanced 911 Advisory Board is a body corporate and politic, separate from the state and exercising an essential governmental function. The seven-member Board is comprised of the Treasurer of State, or the Treasurer's designee, three members recommended by the executive committees of the National Emergency Number Association (NENA) and the Association of Public Safety Communication Officials International (APCO) and appointed by the Governor, and three members recommended by CMRS providers and appointed by the Governor. Each member of the Board who is not a state employee is entitled to a salary per diem and traveling expense reimbursement, while a member who is a state employee is entitled to traveling expense reimbursement.

The Board invests the money of the Wireless Emergency Telephone System Fund, and selects a third-party to audit the fund every two years. The fund pays all administrative expenses of the fund. The Board is charged with reviewing wireless 911 services in Indiana every two years to ensure the 911 fees do not exceed a reasonable amount and that the fees are used only for the intended purposes.

The State Board of Accounts audits the Board every two years. In the most recent financial statements for the period ending June 30, 2008, the Board had total assets of \$9.2 M and liabilities of \$3.7 M. Total operating revenues for the year ending June 30, 2008, were \$25.8 M, and operating expenses were \$24.6 M, with administrative expenses of \$228,337.

**Explanation of State Revenues:** *Wireless Emergency Telephone System Fund:* This bill requires sellers to collect a \$0.25 charge per retail transaction for prepaid wireless telecommunications services beginning in FY 2011. The charges collected at the point of sale will be remitted to the DOR for deposit in the Wireless Emergency Telephone System Fund.. The sellers may retain \$0.0035 of the charges from consumers. The

amount of revenue that will be collected is indeterminable.

Under the bill, the fund will consist of wireless emergency enhanced 911 fees and charges for prepaid wireless telecommunications services that will be distributed as follows.

<b>Fees from CMRS Providers (\$0.50 per phone per month)</b>		<b>Prepaid Charges (\$0.25 per retail transaction)</b>	
Recipient	Distribution	Recipient	Distribution
DHS use for statewide enhanced wireless 911 network	\$0.01	DHS use for statewide enhanced wireless 911 network	\$0.005
Distributed to counties based on population	\$0.344	Distributed to counties based on population	\$0.172
Distributed to counties equally	\$0.039	Distributed to counties equally	\$0.02
DHS escrow account	Remainder	DHS escrow account	Remainder

**Background Information** - The current fee assessed for the wireless emergency enhanced 911 fee is \$0.50 per phone per month. The revenues received from this fee for FY 2005 through FY 2009 are provided in the table below. After the Board recovers their administrative costs, the remaining revenue is distributed on a monthly basis to each county containing one or more eligible public safety answering points (PSAPs). A county must use the distribution to make distributions to PSAPs that accept wireless enhanced 911 service for the actual costs incurred by the PSAPs in complying with the wireless enhanced 911 requirements established by the FCC order and rules. Any amount of revenue that remains must be distributed equally between escrow accounts for reimbursement to CMRS providers, PSAPs, and the Board.

<b>Fiscal Year</b>	<b>Revenue</b>
2005	\$24.1 M
2006	\$30.5 M
2007	\$32.2 M
2008	\$24.7 M
2009	\$27.4 M

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** See *Explanation of State Revenues*.

**State Agencies Affected:** Wireless Enhanced 911 Advisory Board; DOR; DHS; Auditor of State.

**Local Agencies Affected:** PSAPs.

**Information Sources:** Ken Lowden, Indiana Enhanced Wireless 911 Board, 317-234-2507; Wireless Enhanced 911 Advisory Board Financial Statements, Years Ended June 30, 2008 and 2007.

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